



XState Resources Limited

ABN 96 009 217 154

Registered office

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Postal address

PO Box 985
Nedlands WA 6909

Website

www.xstate.com.au

15 MARCH 2011

ASX Limited

Electronic lodgement

CHAIRMAN'S LETTER

Please find attached a letter from the Chairman of XState Resources Limited.

For and on behalf of the Board.

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Dear Shareholders,

It is with great pleasure that I have accepted an invitation to join the Board of XState as its Chairman. I am looking forward to working with the XState team to progress the Company's ambitious aspirations.

To kick things off I recently completed a review of the company's assets and I have concluded that XState has an unparalleled future in front of it. I have been very impressed by the high quality of the management and staff, and the quality and depth of the Company's assets.

Our assets are in a proven hydrocarbon basin, with open access to substantial gas processing and transportation infrastructure; we are on the doorstep to the energy hungry EU market; and we have great partners and mega-major neighbours. I think it is fair to characterise XState as being *"the smallest house on the best street in town."*

In particular, I am very excited about the 3 gas discoveries in our acreage and the many "high chance of success" targets in the Prospects and Leads inventory. I have spent a substantial part of my career successfully monetising gas fields internationally and it is now my goal to use this extensive expertise to make XState a significant gas producer. Any oil we discover along the way will be the "cream on the cake."

So, in conjunction with your Board, I have set the goal:

"For XState to become a significant gas producer utilising existing infrastructure to access the energy hungry and high priced European Union market through a development of our gas discoveries and through prudent exploration of the Company's extensive Prospects and Leads inventory in the Mediterranean Pelagian Basin"

I look forward to working as part of the XState team to bring this goal to fruition in the next few years and to adding substantial shareholder value to our Company.



David Whitby
Chairman
XState Resources Limited